

**NON-APPROPRIATED EXPENSES**

This category includes mandated assessments and expenditures which are automatically added to the tax rate without appropriation. Overall, non-appropriated expenses are anticipated to increase \$54,116 (1.5%) for FY2009. The total projected State Assessments for FY2008 is \$2,642,074, an increase of \$12,932 from FY2008. The MBTA accounts for \$2,484,323 of this total. The remaining Non-Appropriated expenses include Cherry Sheet Offsets, Court Judgments and Deficits, and Tax Abatement Overlay. These items total \$978,020, which is an increase of \$41,184 from FY2008. The Tax Abatement Overlay, which was increased to just under \$1.2 million in FY 2007 because it was a revaluation year, is decreased to \$600,000 in FY 2009.

**NON-APPROPRIATED EXPENSES**

	<b>FY07 Actual</b>	<b>FY08 Budget</b>	<b>FY09 Budget</b>	<b>Budget Change</b>
State Assessments				
MBTA	2,417,411	2,490,808	2,484,323	(6,485)
RMV Non-Renewal Surcharge	45,640	47,020	54,500	7,480
Retired Employees Health Insurance	2,495	4,259	3,932	(327)
Air Pollution Districts	12,498	12,294	12,544	250
Metropolitan Area Planning Council	11,675	11,937	12,039	102
Special Education	365	5,249	2,036	(3,213)
School Choice Tuition	33,267	0	0	0
Charter School Tuition	82,034	57,575	72,700	15,125
<b>State Assessments Sub-Total</b>	<b>2,605,385</b>	<b>2,629,142</b>	<b>2,642,074</b>	<b>12,932</b>
Cherry Sheet Offsets	75,461	79,064	78,020	(1,044)
Tax Abatement Overlay	1,194,924	651,772	600,000	(51,772)
Court Judgments & Deficits	413,734	206,000	300,000	94,000
<b>Total</b>	<b>4,289,504</b>	<b>3,565,978</b>	<b>3,620,094</b>	<b>54,116</b>

**MBTA**

The MBTA is composed of 175 communities: the 14 original member communities of the Metropolitan Transit Authority (MTA), and 161 additional communities, which are receiving direct MBTA service. Chapter 161A of the Acts of 2000 increased the number of communities that constitute the MBTA from 78 to 175. The additional 97 communities have been receiving MBTA service; however, the original authorizing language made no provision for these communities to be assessed. The Authority is required to assess each community's share of the overall Authority's assessments. All communities associated with the Authority must contribute to the MBTA State and Local Assistance Fund an amount not less than \$136,026,868. After FY2006, this amount will be adjusted each July 1 by the rate of inflation but not more than 102<sup>1/2</sup>% of the previous year's assessment. Each community's MBTA assessment shall equal its weighted share of the total population of the authority. Chapter 161A, Section 9 has determined the weights for each community. The population figures utilized in this calculation should be the most recent from the United States Census Bureau.

As of July 1, 2000, total assessments for the MBTA's net cost of service was frozen at the FY2000 level for the original 78 communities of the authority. Section 288 of Chapter 127 of the Acts of 1999, requires that in FY2002, each community assessed in FY2000 shall have its assessment reduced by one-fifth of the difference between its FY2000 assessment level and the level calculated according to Section 9 of chapter 161A. This has resulted in decreases in the assessments for the original MBTA communities from FY2002 through FY2006. The total annual MBTA assessment after FY2006, shall be adjusted each July 1st by the growth rate of the inflation index over the preceding 12 months, however; said assessments cannot increase by more than 2½ percent of the prior year's actual assessment unless new or expanded service has been documented. In FY2009, Arlington's assessment is anticipated to decrease slightly, due to a population decrease in the 2005 State Census, to a total of \$2,484,323.

**PARKING FINE REGISTRY SURCHARGE**

If after proper notices, a motorist fails to pay a parking fine, motor vehicle excise tax, or a charge for abandonment of a motor vehicle, the Town notifies the Registry of Motor Vehicles (RMV) not to renew the license and registration of that motorist. To cover the RMV's administrative costs of entering the necessary information into its computer system, the RMV assesses the Town a fee of \$20 for each notification it receives. This fee, which comes through as a charge on the Cherry Sheet, is recovered by the Town by adding this amount and other penalties to the original fine amount. The FY2009 surcharge assessment is estimated at 54,500, an increase of \$7,480.

**HEALTH INSURANCE – RETIREES**

General Laws Chapter 32A, Section 10B, requires communities to reimburse the State for the costs of providing a health insurance plan for governmental retirees who were pensioned prior to the implementation of Chapter 32B by their local governmental unit. Chapter 32B enabled municipalities to establish a mechanism for group insurance for retirees. Each participating municipality is assessed for the governmental share of health insurance premiums paid on behalf of its retirees by the State. The State pays 90% of the total premium and the retiree's co- payment is 10% of the total premium. A proportionate share of administrative expenses is also assessed to each municipality. An assessment of \$3,932 is estimated for FY2009, a decrease of \$327 from FY2008.

**AIR POLLUTION CONTROL DISTRICT**

General Laws Chapter 11, Section 142B, requires that communities be assessed for a portion of the costs incurred by the State Department of Environmental Protection (DEP) to monitor air pollution levels and enforce air quality standards at industrial, commercial, and institutional facilities. Expenditures made for such purposes are assessed against the metropolitan communities, one- half in proportion to the EQV's and one- half by the population of each community. Costs for FY2009 are estimated at \$12,544, an increase of \$250.

**METROPOLITAN AREA PLANNING COUNCIL**

The basic purpose of the Council is to coordinate and assist communities in their planning efforts, particularly for those activities or projects that may have a regional impact. The per capita assessment for FY2009 is estimated at \$12,039, an increase of \$102 over FY2008.

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***SPECIAL EDUCATION***

This assessment is a reimbursement to the State for providing special needs education to children enrolled in State hospital schools. The cost that each municipality is charged is the average per pupil cost of education within the school district multiplied by the Full Time Equivalent of resident pupils served by the State. FY2009 charges are for pupils served in the 2007- 2008 school year. The Department of Education determines a per-pupil cost for each school system based on enrollments and costs in the prior school year. For FY2009, costs are projected to total \$2,036, a decrease of \$3,213.

***SCHOOL CHOICE TUITION***

The purpose of this program is to assess the sending municipality or regional school district for pupils attending another school district under school choice. School choice tuition charges are assessed against the sending district and paid to the receiving school district.

Cherry sheet estimates for the upcoming fiscal year are based on final tuition rates and enrollment figures from October of the current fiscal year. Final reimbursements are determined based upon April 1 figures. The tuition charge is based on the number of full time equivalent students multiplied by the per pupil tuition rate of the receiving school. Costs are based on instruction, pupil services, administration, maintenance and fixed charges. A student's tuition equals 75 percent of the per pupil cost, up to a limit of \$5,000. For a student with an individualized education plan, a special education increment augments that tuition. No assessments were made for FY2008 and none are projected for FY2009.

***CHARTER SCHOOL TUITION***

The purpose of this program is to assess the sending municipality or regional school district for pupils attending charter schools. Charter school tuition charges are assessed against the sending district and paid to the charter school district. Charter Schools receive per-pupil payments from sending districts equal to the average cost per student in that district, plus a capital funding share equal to the state average of what districts pay per pupil in principal and interest for land and buildings. Cherry Sheet assessments for the upcoming fiscal year are based on pre-enrollment data from October of the current fiscal year. Final assessments are based upon March 15 figures. The tuition assessment for FY2009 is estimated on the preliminary Cherry Sheet at \$72,700, an increase of \$15,125 over FY 2008.

***CHERRY SHEET OFFSETS***

Included in the estimated amount of aid to be received from the state are grant funds for the Schools and Libraries. These funds are reserved for direct expenditure by the departments and cannot be counted as general available revenues. Consequently, as part of the tax rate preparation process, whatever amount is included within the State aid estimate is also included in the non-appropriated expenses section as offsetting debits.

The Town receives annually two such grants – one for school lunch, and one for public libraries.

The school lunch grant is actually a partial reimbursement for operating a school lunch program. This is expected to be funded at \$19,750.

The library grant actually includes three grant programs more fully described in the revenue section of this budget under Cherry Sheet Offsets. It is projected to remain level at \$58,270.

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**TAX ABATEMENT OVERLAY**

State law requires that the Assessors put aside funds from each tax levy in a reserve that is called an Overlay. This account is established in anticipation that a certain percentage of the tax levy may end up being abated. Individual tax abatements are paid out of this fund. The final amount of the overlay account is determined by the Assessors and added to the tax rate without appropriation, and is usually set at anywhere from 1% to 2.5% of the tax levy. In revaluation years, which occur every three years, the overlay account is usually set at a higher amount in anticipation of an increased number of abatements. FY2007 was a revaluation year so the overlay account was set at \$1,194,924. In other years, the overlay is set closer to \$600,000. In FY2009, the overlay is set at \$600,000. Any surplus left in an overlay account is appropriated by Town Meeting in much the same manner as free cash. Below is a chart showing the disposition of Overlay funds for the last three years. Prior to FY2005, the reserve balance from all prior fiscal years is \$315,151. From these reserve balances an additional \$500,000 is proposed to be declared surplus and be used in FY2009.

**Tax Abatement Overlay Funds**

	<u>FY2005</u>	<u>FY2006</u>	<u>FY2007</u>
Overlay Amount	\$584,602	\$902,675	\$1,194,924
Abatements & Exemptions To-Date	\$300,067	\$406,181	\$ 338,588
Declared Surplus To General Fund	<u>(\$200,000)</u>	<u>(\$300,000)</u>	<u>(\$ 300,000)</u>
Reserved For Additional Liability	\$ 84,535	\$ 196,494	\$ 556,336

**COURT JUDGMENTS, DEFICITS, AND OTHER**

State law provides that if the Town receives a court judgment requiring the payment of funds, the Treasurer, with the Director of Account's approval, may pay the award from the treasury without appropriation. The amount must then be added to the tax rate for the following year unless a subsequent appropriation is made to cover the deficit prior to setting the next year's tax rate.

From time to time, there are other non-appropriated expenses which have to be added to the tax rate. Any deficits in revenue, overlay, pensions, or debt and interest accounts, along with tax title amounts, and snow and ice budgets, must be added to the following year's tax rate.

In FY2008, a snow removal deficit of \$100,000 was raised along with a court judgment of \$106,000. For FY2009, an allowance of \$300,000 has been made for any such judgments or deficits.